

Guideposts for best practice

Sequencing for roadmap

- Established framework for the benefit-sharing mechanism or flow of funds for key stakeholders outside of the project developer entity (e.g., impacted communities, local governments, national governments), and aligned to a proper market-based assessment of the value contribution thereof; and including protections against predatory contracting (e.g., long lock time, benefits independent of ERC value fluctuation, etc.,)

Impact	Medium-Stakeholder engagement and protection increasingly becoming critical for buyers to minimize reputational risks	
Resources needed	Medium-Establishing such frameworks would require careful planning and coordination among government bodies and potentially a similar level of robustness as that for adopting standards	Phase 3: Enabling long-term sustainability of the ERC ecosystem

In addition, clear communication of frameworks and institutional arrangements for stakeholder incentives is crucial for the success of emission reduction programs, whether the country chooses to roll out its own crediting system or not. Transparency mechanisms should be established to ensure the integrity of the benefit-sharing plan and execution, which will incentivize stakeholder participation and secure supply. The following are key elements of effective benefit-sharing mechanisms that can serve as a guide:

Cornerstones for benefit-sharing mechanisms	Description	Sample Benefit Sharing Plan for Vietnam's North Central Region for the period 2019-2024 (results-based program with World Bank)
Input: Consultation and design process	Decision making for benefits sharing often starts with consulting on overall objectives to ensure that the interests and needs of all stakeholders are considered and that benefits are shared in an equitable and transparent manner.	Key components of the existing benefit-sharing plan were created as an output of village-level consultations of households, focus group discussions, workshops, and interviews with 737 ethnic minority persons in the relevant provinces in the North Central Region.

Cornerstones for benefit-sharing mechanisms	Description	Sample Benefit Sharing Plan for Vietnam's North Central Region for the period 2019-2024 (results-based program with World Bank)
<p>Output: Legal frameworks and institutional arrangements</p>	<p>Benefit sharing should be grounded in a clear legal framework to support and enable the necessary agreements and collaboration, including categories of beneficiaries, types of monetary/non-monetary benefits, rationale for performance-based allocation, etc.,</p>	<p>Benefit-sharing plan provides clear disbursement plans for relevant stakeholders (2018-2014), including but not limited to local communities (~70% monetary benefit), project developers (15-20% monetary benefit), and central to provincial-level government partners (10-15% monetary benefit) depending on performance.</p>
<p>Output: Technical and administrative capacity</p>	<p>Substantial technical and administrative capacity is needed to administer benefit sharing in a way that effectively and equitably distributes resources.</p>	<p>Roles and responsibilities clearly stated. Sub-units within Ministry of Agriculture and Rural Development and Administration of Forestry to lead operation, with support from other agencies.</p>
<p>Output: Financial management transparency</p>	<p>Transparency around financial management, including regular audits, can build trust and participation in the program; Adopting a clear approach to calculating, monitoring, and delivering benefit transfers helps enable wider public understanding.</p>	<p>Calculations of budget disbursement for stakeholders clearly found in Benefit Sharing Plan document (pre-calculated based on expected proceeds from results-based payment, totaling to USD51.5Mn).</p>
		<p>Financial monitoring based on financial report, internal audits (done by Finance Department of Ministry of Agriculture and Rural Development, first cross-checked by Vietnam Administration of Forestry, then by World Bank), and independent audits.</p> <p>Disbursement - REDD+ Fund opened an account to receive and disburse result-based payments under program guidelines at Bank for Agriculture and Rural Development or Vietnam Bank for Social Policies; Beneficiaries also opened bank accounts at provincial and district levels to directly receive transfer of funds.</p>

Cornerstones for benefit-sharing mechanisms	Description	Sample Benefit Sharing Plan for Vietnam's North Central Region for the period 2019-2024 (results-based program with World Bank)
---	-------------	---

**Output:
Grievance and redress mechanisms**

Benefit-sharing mechanisms should have clear, accessible, impartial, culturally appropriate, easy-to-understand grievance and redress mechanisms that operate in a timely manner.

Grievance and redress mechanisms created at different levels:

Village level: Grassroots mediation groups will be responsible for receiving, classifying and organizing grievance redress procedure.

Commune level: Communal mediation group to cooperate with the forest management board and state forest company to handle grievances related to benefits sharing.

District and provincial levels: One appointed officer from the Department of Justice to inform stakeholders to receive, verify, and resolve complaints related to benefits sharing.

Related Content

- [Strategic Guidance for Country System Assessments \(Download PDF version\)](#)
- [Guidance for Countries in Assessing ERC Projects \(Download PDF version\)](#)
- [World Bank Emissions Reduction Program: Mobilizing ERC Finance \(Download PDF version\)](#)

Additional Resources

- [Stakeholder Communication and Engagement](#)
- [Broader PPP Program Governance](#)

This section is intended to be a living document and will be reviewed at regular intervals. The Guidelines have not been prepared with any specific transaction in mind and are meant to serve only as general

guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions. Unless expressly stated otherwise, the findings, interpretations, and conclusions expressed in the Materials in this Site are those of the various authors of the Materials and are not necessarily those of The World Bank Group, its member institutions, or their respective Boards of Executive Directors or member countries. For [feedback](#) on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.